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102D CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
102-338

EXTENSION OF NONDISCRIMINATORY TREATMENT TO THE PRODUCTS OF THE SOVIET UNION

NOVEMBER 19, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany House Joint Resolution 346]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the joint resolution (House Joint Resolution 346) approving the extension of nondiscriminatory treatment with respect to the products of the Union of Soviet Socialist Republics, having considered the same report favorably thereon without amendment and recommend that the joint resolution do pass.

BACKGROUND AND SUMMARY INCLUDING REASONS FOR CHANGE

In 1951, the United States revoked the nondiscriminatory, most-favored-nation (MFN) status of the Soviet Union and all countries under the control of international communism. That action was taken by the President under authority of the Trade Agreements Extension Act of 1951, which was enacted in response to Soviet and other communist countries' support for North Korea and China.

In 1974, the Congress adopted a new regime to govern U.S. trade relations with nonmarket economy countries, including the Soviet Union. Title IV of that Act (the so-called Jackson-Vanik amendment) authorizes the President to extend MFN status to such countries, if they meet specific requirements relating to the freedom of emigration of their citizens. The President also is authorized to waive those requirements, if he determines that doing so will substantially promote the objective of freedom of emigration.

With the advent of "perestroika" and "glasnost" under the leadership of Soviet President Mikhail Gorbachev, and the subsequent collapse of communist regimes in Eastern and Central Europe, prospects for a warming in U.S.-Soviet relations improved markedly in the mid- to late 1980s. Along with a changed, more open ap-

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proach to domestic problems by the Soviet government, rates of emigration from the Soviet Union increased substantially, from a very low level of 1,655 persons in 1985 to over 370,000 emigres in 1990.

In response to these changes, and in order to encourage further moves in the same direction, the Administration entered into negotiations on a bilateral trade agreement with the Soviet government, under authority of title IV, as amended by the Customs and Trade Act of 1990. That agreement, along with side letters on intellectual property rights, travel and tourism, the repayment of lend lease accounts, textiles and textile products, currency convertibility, because facilitation, and other matters, was signed in Washington on June 1, 1990, by Presidents Bush and Gorbachev. Before the agreement was submitted to the Congress for its consideration, however, the Soviet government responded in a violent fashion to calls for independence by Lithuania and other Baltic states and imposed economic sanctions on those republics, which had been forcibly incorporated into the Soviet Union in 1940. Violence by the Soviet regime also was used to suppress calls for greater self-determination in a number of other Soviet republics. As a result of these actions and the negative United States public response, the Administration delayed submission of the trade agreement to the Congress.

Events within the Soviet Union led eventually to the restoration of control by more moderate forces and a growing demand by republics—including the Baltic states—for greater autonomy. Work on a new, all-union treaty was begun, with the goal of establishing a greater degree of power-sharing between the republics and the central government. Adherence to that treaty by the republics was to be voluntary.

On August 2, 1991, the President submitted for Congressional consideration the trade agreement, including the side letters, and a proclamation extending MFN status (H. Doc. 102-127). The Presidential proclamation, and the House joint resolution introduced on August 2 to approve the extension of MFN status (H.J. Res. 319) included reference to the Baltic states of Estonia, Latvia, and Lithuania, which were then under the de facto control of the Soviet Union.

On September 2, 1991, the Baltic states were recognized diplomatically by the United States and were granted independence from the Soviet Union on September 6. On October 10, 1991, the President officially resubmitted the trade agreement and Presidential proclamation, omitting reference to the Baltic states. A new resolution of approval—H.J. Res. 346—was introduced on October 10, also omitting reference to the Baltic states, and H.J. Res. 319 was tabled.

During discussion of the extension of MFN states for the Soviet Union, members of the Committee expressed concern about the evolution of events in the Soviet Union and their implications for eventual Soviet adherence to the terms of the agreement. The former Union of Soviet Socialist Republics has been dissolved, and it is not yet clear what entity will take its place. Nor is it clear how may remaining Soviet republics will choose to accept the agreement's obligations.

The Committee expects that as events develop in the Soviet Union that have a bearing on the eventual operation of the trade agreement, the Administration will consult closely with the Congress before making decisions on how to respond. If, for example, one or more of the Soviet republics declares its intention not to be bound by the agreement; or if one republic, after the agreement enters into force, is found not be adhering to the terms of the agreement, how will the Administration assure that the agreement's obligations will be enforced? If a republic is granted full independence from the Soviet Union, must a new trade agreement be negotiated under the terms of Title IV? Although the Committee recognizes that questions such as these cannot be answered at this time, close and continuing consultations by the Administration with the Congress on questions such as these will be essential to maintaining confidence in the existing trade agreement approval process.

Another issue on which Members expressed concern was the continuing Soviet support—both military and economic—for regimes that remain unfriendly to U.S. and western ideals and norms of behavior. Continued support for Cuba, North Korea, North Vietnam, and other such repressive regimes continues to threaten the stability of a number of the world's regions, including the western hemisphere. With respect to Cuba, a number of members of the Committee expressed great concern over the fact that none of the proposed troop withdrawals promised by Presidents Gorbachev and Yeltsin have yet taken place and that the Soviet Union has not yet stopped military and economic support for the regime of Cuban President Fidel Castro. The Soviet Union has been providing up to $1 billion annually in arms sales, spare parts, and petroleum supplies, and over $3 million in economic subsidies in the form of above-market prices for Cuban goods, such as sugar. Other Members noted that the Soviet-Cuban trade agreement expires in December 1991; and that the Soviets have told the Cubans that bilateral trade will be conducted on a commercial basis thereafter, at world market prices.

Members of the Committee further expressed the view that renewing the Soviet Union's MFN status after next year would indirectly assist the communist government of Fidel Castro. The expanded export opportunities which would result from a reduction in U.S. import duties could provide additional earnings to the Soviet Union to help keep President Castro in power. Such an outcome, they said, clearly is contrary to the foreign policy interests of the United States. In the interest of ensuring the security of the western hemisphere and promoting human rights, these Members argued that the United States must not renew the Soviet Union's MFN status after next year unless the President reports to the Congress that the Soviet Union has stopped providing military and economic support to the regime of Fidel Castro, as well as to other unfriendly regimes. Otherwise, they argued, the United States would in fact be subsidizing Castro's regime.

Concern over the issue of Soviet pricing of goods produced for export also was expressed by a number of Members. A February 1991 "Study of the Soviet Economy", prepared by the International Monetary Fund, the World Bank, the Organization for Economic

Cooperation and Development, and the European Bank for Reconstruction and Development, noted in part that "Nothing will be more important to the achievement of a successful transition to a market economy that the freeing of prices to guide the allocation of resources." The study also noted that "As the integration of the [Soviet] economy into the world economy proceeds through trade liberalization and current account convertibility, domestic relative prices for traded goods should be aligned with the structure of world market prices."

In response to these concerns about the pricing of traded goods from the Soviet Union and other nonmarket economy (and emerging market economy) countries, one Member expressed his intention to introduce legislation to revise U.S. countervailing duty and antidumping laws to improve those laws' ability to deal with goods from such countries.

Other Members made the following points: that bilateral trade friction that could result from exports of Soviet products that are not priced according to market mechanisms; that Soviet exports could be disrupted by the filing of unfair trade cases against them; and that current GATT rules do not deal effectively with the problem of pricing of traded goods from state-owned or state-controlled enterprises. Therefore, they expressed the view that the Administration should institute a review of the issue of pricing of exports from the Soviet Union, with the objective of developing a program to ensure that products from nonmarket economies are introduced into the global trading system in a manner that does not adversely affect traditional market-based pricing mechanisms.

Despite the concerns raised during its consideration of H.J. Res. 346, the Committee believes that it is important for the United States to move forward expeditiously in normalizing trade relations with the Soviet Union. Doing so is a relatively cost-free way for the United States to help the Soviet people in the very difficult and uncertain transition to a market economy. For this reason, the Committee strongly supports passage and enactment of H.J. Res. 346.

Description of trade agreement

Preamble

Among other, notes favorable implications for trade expansion of development of market-based economy in the USSR and support for internationally recognized worker rights.

Article I.—Most favored nation and nondiscriminatory treatment

Provides for most favored nation treatment on customs duties and other matters in connection with importation of products and their use in the domestic market; provides for non-discriminatory treatment with respect to application of quantitative restrictions, the granting of licenses and allocation of hard currency needed to pay for imports.

Article II.—General obligations with respect to market access for products and services

Provides for improved market access and increased commercial opportunity, including through satisfactory reciprocation of market opening measures resulting from multilateral negotiations; provides for progressive increase of national treatment for U.S. products and services in the Soviet Union. Prohibits Parties from requiring or encouraging countertrade and barter. Provides for MFN on technical standards and prohibits adoption of standards which are discriminatory or designed to protect domestic production.

Article III.— Expansion and promotion of trade

Provides for trade facilitation, expansion of commercial contracts, encouragement of trade promotional events, including duty-free import and re-export of articles used in such events.

Article IV.—Government commercial offices

Allows government commercial offices to hire directly local nationals and third country nationals; assures unhindered access to such offices; encourages participation in promotional events of such offices.

Article V.—Business facilitation

Provides for an expedited Soviet accreditation procedure of commercial representations (CRs), so that approvals will in most cases be issued within 60 days of application; the accreditation procedure will be administered with a goal of maximizing participation by new entrants and small businesses; allows CRs to import and use office and other equipment; affords CRs nondiscriminatory access to office space and living accommodations, telecommunications, municipal and social services; allows CRs to hire directly local or third country employees on terms and in currency mutually agreed; permits access to all advertising media; permits conduct of market studies and commits Parties to provide needed information; permits CRs to stock and use samples and replacement parts on a non-commercial basis; permits companies to engage and serve as agents or consultants and engage distributors on prices and terms mutually agreed; and prohibits Parties from unreasonably impairing contractual and property rights.

Article VI.—Transparency

Provides for timely publication of laws and regulations affecting commercial activity and for access to data on the economy; allows the other Party to comment on formulation of regulations which affect business activity.

Article VII.—Financial provisions relating to trade in products and services

Provides that transactions will be made in freely convertible currencies unless otherwise agreed; permits export of freely convertible currencies; most-favored-nation treatment on: opening and maintaining accounts in foreign and local currencies and access to

such accounts, remittances of freely convertible currency, rates of exchange, and access to freely convertible currencies.

Article VIII.—Protection of intellectual property

Reaffirms commitments to the Paris Convention and the Universal Copyright Convention (both are required by Jackson-Vanik). Provides for adequate and effective protection, in accordance with internal legislation, for all forms in intellectual property including trade marks, service marks and trade names. Provides for adequate and effective intellectual property protection and enforcement through the following obligations: adherence to the Berne Convention for the Protection of Literary and Artistic Works; provision of copyright protection for computer programs and data bases as literary works; protection for sound recordings including rental rights; provision for product and process patent protection for all areas of technology (except materials useful solely in atomic weapons) for a term of at least twenty years from filing of the patent; provision of comprehensive protection for trade secrets. Provides for possible copyright protection for pre-existing works, once the Soviet Union joins Berne (very important to the motion picture industry). Constitutes a Working Group on intellectual property. Commits to introduction of legislative proposals to implement commitments in Article VIII well as principles agreed to in the side letters.

Article IX.—Transit

Provides for facilitation of transit of products across territory of other Party.

Article X.—Subjects for further economic cooperation

Broad agreement to foster economic cooperation in fields of mutual interest; agreement to consult on expansion of trade in services sectors.

Article XI.—Market disruption safeguards

Language reflects Section 406 of Trade Act of 1974; provides for consultation when import increases threaten or contribute to market disruption as well as for the right to unilaterally impose remedial measures in which case the other Party may suspend equivalent benefits.

Article XII.—Dispute settlement

National treatment in access to courts and administrative bodies; endorsement of arbitration for settlement of commerical disputes.

Article XIII.—National security

Permits any action for protection of security interests.

Article XIV.—Consultations

Provides for periodic review of the operation of the Agreement under the Joint US-USSR Commercial Commission; consultation through appropriate channels on any issue arising under the Agreement.

Article XV.—Definitions

Define "company", "commercial representation", "national" and "organization".

Article XVI.—General exceptions

Permit adoption and enforcement of measures not inconsistent with the Agreement (e.g. health, antitrust), measures for protection of intellectual property rights and prevention of deceptive practices, and measures permitted under the GATT.

Article XVII.—Entry into force, term and termination

The initial term is three years and the agreement is automatically extended for successive terms of three years unless 30 day termination notice is given prior to expiration; may be terminated at any time upon written notice.

Side letters

There are nine side letters. These letters are as binding as the Agreement itself.

Letter on intellectual property protection

Commits the Government of the U.S.S.R. to introduce in 1991 the draft laws necessary to fulfill their commitments, to undertake all possible measures to enact these laws during 1991, and to seek prompt implementation of these laws. Provides for specific principles to be incorporated in legislative proposals on computer software protection and protection of trade secrets. Commits to possible revision of the term of sound recording protection (present Soviet copyright proposal calls for protection for 25 rather than 50 years). Calls for a possible revision of the forced buy-out provisions incorporated in the patent proposal presently before the Supreme Soviet. Pledges to a future negotiation on compulsory licensing for patents. Creates a working group to provide pipeline protection for pharmaceuticals and protection for lay-out designs for integrated circuits.

Business facilitation side letter

Encourages publication of directories of and information (including financial reports) on companies and organizations involved in foreign trade; provides for promotion of small and medium-sized companies.

Tourism side letter

In addition to receiving the benefits of the agreement, provides for facilitation and expansion of tourist trade and for agreement on non-commercial government tourism offices which may provide information, conduct workshops, disseminate advertisements, and perform market research; provision of tourism services by commercial tourism enterprises will be on a fair and equitable basis.

Financial provisions side letter

The Soviet Union commits to give favorable consideration to U.S. company requests for opening and maintaining ruble bank ac-

counts and use of local currency for local expenses. Once permission is granted, U.S. nationals and companies may continue to use such local currency even if future Soviet laws restrict the granting of new permissions.

Textiles side letter

Confirms that trade in textiles will be governed by separate arrangements and preserves authority under U.S. law to restrain imports.

Gold coins side letter

U.S. commits in 1990 to seek legislation removing the ban on imports of Soviet gold coins under the Antiapartheid Act and to exert its best efforts to ensure repeal by the end of 1991.

Customs cooperation council and harmonized tariff system

Reflects Soviet Union's intention to join the Customs Cooperation Council and implement, beginning in 1991, the Harmonized System.

Letter on United States commercial office and Soviet trade representation

Confirms the legal status of already established government commercial offices in both countries; provides for establishment of future offices upon agreement.

Land-lease side letters

The lend lease side letter, which will be signed at the same time as the Trade Agreement, reaffirms the USSR's 1972 commitment to resume lend-lease payments once it receives MFN and is notified that restrictions on export credits and guarantees have been removed.

COMMITTEE ACTION

H.J. Res. 346 was introduced by Representatives Gephardt, Michel, Gibbons, Downey, Vander Jagt, Guarini, et al on October 9, 1991. (A previous resolution of approval relating to the Soviet Union was tabled on the same day. See background section above.) The resolution was referred to the Committee on Ways and Means. From August 31 through September 7, 1991, a delegation from the Subcommittee on Trade travelled to the Soviet Union and the newly independent Baltic state of Estonia. During that trip, the Members held extensive discussions with heads of state and other senior government leaders, as well as representatives of the business sector, of the union, the republics, and Estonia. In their report on that trip (WMCP: 102–22), members of the delegation recommended, among other things that the United States grant MFN status to the Soviet Union. On September 23, 1991, the Subcommittee on Trade held a hearing on U.S.-Soviet trade matters, including the question of extending MFN status to the Soviet Union. Representatives of the Administration and the private sector, as well as Members of Congress, testified. Nearly all of the testimony supported the extension of MFN status to the Soviet Union.

ANALYSIS OF LEGISLATION AND COMPARISON WITH PRESENT LAW

Present law

Title IV of the Trade Act of 1974 (the so-called Jackson-Vanik amendment), as amended by the Customs and Trade Act of 1990, sets forth three requirements relating to freedom of emigration which must be met, or waived by the President, in order for the President to grant nondiscriminatory, most-favored-nation (MFN) status to a nonmarket economy country. Title IV also requires that a trade agreement providing MFN status remain in force between the United States and the nonmarket economy country receiving MFN status; and it sets forth minimum provisions which must be included in such an agreement.

Sections 405(c) and 407(c) of the Trade Act, as amended, provide that a trade agreement, and a Presidential proclamation granting MFN status, shall take effect only after enactment of a joint resolution of approval. Such a resolution is subject to the fast-track implementing procedures of the House and Senate. Under these procedures, the House and Senate have a maximum of 90 legislative days to act upon a joint resolution of approval. The resolution is not subject to amendment.

Explanation of provision

The Soviet Union has never been granted MFN status under the terms of Title IV. H.J. Res. 346 states that the Congress approves the extension of nondiscriminatory treatment to the products of the Union of Soviet Socialist Republics.

MATTERS REQUIRED TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

Vote of the committee in reporting the resolution

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the resolution: H.J. Res. 346 was ordered favorably reported by the Committee, by voice vote, without amendment. (Under the terms of Title IV of the Trade Act of 1974, H.J. Res. 346 is not subject to amendment.)

Oversight findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee, based on a fact-finding mission by the Subcommittee on Trade and a public hearing, recommends that the House approve H.J. Res. 346.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommendations have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in the resolution.

Budgetary authority and cost estimates, including estimates of the congressional budget office

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that there are no

tax expenditures or new budgetary authority providing financial assistance to State and local governments in the resolution. Regarding the application of the provisions for sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985, the Committee notes that it has received the following letters from the Director of the Office of Management and Budget:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, November 18, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: We have what I understand to be a shared interest in enactment of pending Baltic, Soviet, and Andean trade agreements. We also share an interest in assuring that the enactment of these agreements would not trigger a sequester.

With our common interest in view, and given what now appears to be a realistic prospect that Congress will recess before Thanksgiving, I wish to bring the following to your attention. Based on legislation enacted to date, OMB would officially estimate in the end-of-session Sequestration Report that the pay-as-you-go balance is positive for each of the fiscal years 1992 through 1995. This positive current balance is now sufficient to offset what OMB estimates to be the pay-as-you-go costs of the pending trade agreements. Therefore, if these trade agreements were enacted promptly, while the pay-as-you-go balance is positive, their enactment would not trigger a sequester under the Budget Enforcement Act.

It is, of course, possible that other legislation might be enacted which would turn the pay-as-you-go balance negative. But I know of no such legislation that we are now supporting that is likely to be enacted before the session ends. If unforeseen legislation were enacted that turned the balance negative, a sequester would be triggered unless the imbalance were corrected. But in that hypothetical circumstance, I can assure you that we would not (and we could not fairly) attribute the cause of the sequester to the enactment of the trade agreements—provided their enactment occurred while the pay-as-you-go balance were sufficient to offset them.

For these reasons, I would again urge the enactment of the pending trade agreements—now, while the pay-as-you-go balance is a sufficient offset—and will continue to work with you to that end.

With best regards,

RICHARD DARMAN,
Director.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, November 19, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This note is simply to confirm two matters of scoring with the prospect of enactment of H.R. 1724 now in view.

We have not yet completed the final out-year scoring of P.L. 102-164, the Emergency Unemployment Compensation Act of 1991. Nonetheless, it is clear that enactment of H.R. 1724 would not change two conclusions I recently shared with you:

(1) By letter of November 13, 1991—the conclusion that enactment of the unemployment insurance compromise (now including H.R. 1724 as passed by the Senate) would not trigger a sequester; and

(2) By letter of November 18, 1991—the conclusion that OMB's current estimate of the pay-as-you-go surplus (after enactment of the compromise) is sufficient to offset certain pending trade agreements that are in the United States interest.

With best regards,

RICHARD DARMAN,
Director.

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee agrees with cost estimates furnished by the Congressional Budget Office on H.J. Res. 346 and required to be included herein:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 18, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.J. Res. 346, a joint resolution approving the extension of most-favored-nation (MFN) status to the Union of Soviet Socialist Republics (USSR), as introduced and referred to the House Committee on Ways and Means on October 9, 1991. CBO estimates that extending MFN status to the USSR for one year would result in a $22 million reduction in federal government revenues in fiscal year 1992.

Under Title IV of the Trade Act of 1974, MFN status may not be conferred on a country with a nonmarket economy if that country maintains restrictive emigration policies. Because of this stipulation, the USSR has not qualified for MFN status. However, the President may waive the stipulation on an annual basis if he certifies the granting MFN status would promote freedom of emigration in that country. The President first waived this stipulation on December 12, 1990.

In order to grant a country MFN status for the first time, the President also must negotiate a trade agreement with that country, and Congress must pass a joint resolution granting the country MFN status. On June 3, 1991, the President notified Congress of his intention to extend the waiver of the application of Title IV of the Trade Act of 1974 with respect to the USSR for one year. On October 9, 1991, the President transmitted to Congress the trade agreement granting MFN status to the USSR.

H.J. Res. 346 approves the extension of MFN status to the USSR. Granting MFN status would lower tariff rates on imports from the USSR. The net effect on federal budget of lowering the tariff rate

would be a reduction in customs duty revenues below the level projected under current tariff rates. While imports would rise in response to the lower domestic price resulting from the lower tariffs, the negative effect on revenues of the lower tariff rates would outweigh the positive effect on revenues of the greater volume of imports from these countries. In addition, it is likely that some of the increase in U.S. imports from the USSR will displace imports from other countries. In the absence of specific data on the extent of this substitution effect, CBO assumes that an amount equal to one-half of the increase in U.S. imports from the USSR will displace imports from other countries. CBO estimates that, net of income and payroll tax offsets, granting the USSR MFN status would reduce federal government revenues by $22 million in fiscal year 1992.

H.J. Res. 346 would affect revenues and thus would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. As a result, the estimate required under Clause 8 of House Rule XXI also is attached.

PAY-AS-YOU-GO CONSIDERATIONS

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Changes in Outlays	(1)	(1)	(1)	(1)
Changes in Receipts	−22	0	0	0

1 Not Applicable

This estimate is based on 1990 Census data for imports from the USSR, which are available for goods by Harmonized Tariff Schedule classification. The increase in imports of goods from the USSR brought about by the reduced prices of the imported products in the U.S.—reflecting the lower, MFN tariff rate—has been calculated using estimates of the substitution between U.S. products and imports of these goods.

The analysis presented above assumes that the economy of the USSR will function in the next year in a manner generally similar to that in the recent past. Obviously major political and economic changes are under way that could affect its ability to produce and export goods, its need to import goods from the U.S. and other countries, and the exchange rate between its currency and that of the U.S. On balance, we feel that this assumption is appropriate for a one-year extension of MFN status, but that over a five-year period, considerably greater uncertainty arises.

If you wish further details, please feel free to contact me or your staff may wish to contact John Stell at 226–2720 or Trevor Alleyne at 226–2758.

Sincerely,

ROBERT D. REISCHAUER
Director.

CONGRESSIONAL BUDGET OFFICE ESTIMATE [1]

The applicable cost estimate of this Act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Changes in Outlays	(1)	(1)	(1)	(1)
Changes in Receipts	−22	0	0	0

[1] Not Applicable.

INFLATIONARY IMPACT

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.J. Res. 346 would not have an inflationary impact on prices and costs in the operation of the general economy.

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[1] An estimate of H.J. Res. 346, as introduced and referred to the House Committee on Ways and Means on October 9, 1991. This estimate was transmitted by the Congressional Budget Office on November 18, 1991.